

Message Text

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21

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 FEA-01 INT-05

OES-03 /036 W

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R 250431Z NOV 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6998

INFO AMCONSUL MELBOURNE

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E.O. 11652: NA

TAGS: EAIR, ENRG, AS

SUBJ: CIVAIR -- AVIATION FUEL PRICING

REF: A. STATE 276940

B. CANBERRA 6985

1. BACKGROUND: AS DEPARTMENT KNOWS, GOA PLANS TO FIX GREATLY INCREASED FUEL PRICE FOR INTERNATIONAL AIR CARRIERS HAVE BEEN ISSUE FOR SEVERAL MONTHS. EMBASSY HAD BEEN IN REPEATED CONTACT WITH DEPARTMENT OF FOREIGN AFFAIRS AND DEPARTMENT OF MINERALS AND ENERGY ON ISSUE, AND HAS MAINTAINED LIAISON WITH PAN AMERICAN AIRWAYS ON DAY-TO-DAY DEVELOPMENTS. OUR MAIN EMPHASIS HAS BEEN TO WARN GOA AGAINST ANY POLICY WHICH HAD EFFECT OF CHARGING FOREIGN FLAG, ESPECIALLY U.S., CARRIERS HIGHER PRICE THAN QANTAS. IN ADDITION EMBASSY HAS SYMPATHETICALLY FOLLOWED ADDITIONAL LEGAL EFFORTS OF PAN AMERICAN TO ATTACK VALIDITY OF PRICE FIXING PROCEDURE AND PROPOSED LEVEL.

2. LATEST DEVELOPMENT ON THIS BACKGROUND ISSUE WAS GOA NOTICE TO SUPPLIERS THAT EFFECTIVE DECEMBER 1 FUEL PRICE FOR SCHEDULED INTERNATIONAL CARRIERS WOULD BE 42.62 CENTS. GOA APPEARED IN THIS ACTION TO HAVE HEEDED NUMEROUS REPRESENTATIONS AGAINST PRICE ARRANGEMENTS WHICH DISCRIMINATED AGAINST FOREIGN CARRIERS.

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3. REF A CONTAINED OUR FIRST INTIMATION OF DIFFERENTIAL PRICE FOR CHARTER CARRIERS. UPON RECEIPT EMBASSY DISCUSSED QUESTION WITH BRANIFF ACTING FIRST ASSISTANT SECRETARY, DEPARTMENT OF MINERALS AND ENERGY. BRANIFF CONFIRMED THAT GOA HAD INSTRUCTED FUEL SUPPLIERS TO CHARGE 45.62 FOR ALL NON-SCHEDULED CHARTER CARRIERS INCLUDING TIA. (IN PASSING HE STATED THAT REFERENCE TO "44.62 FOR APPROVED CHARTER CARRIERS" WAS INCORRECT. 44.62 PRICE APPLIES TO SPECIAL CASES OF ONE OR TWO UNIDENTIFIED "SMALL SCHEDULED CARRIERS".)

4. BRANIFF STATED THAT RATIONALE ON SPECIAL CHARTER PRICE WAS THAT SUCH PRICE PREMIUM APPROPRIATE BECAUSE CHARTER CARRIERS ARE SMALLER AND IRREGULAR PURCHASERS. IN EFFECT REGULAR SCHEDULED CARRIERS WOULD RECEIVE THREE CENT VOLUME DISCOUNT UNDER THIS ARRANGEMENT. EMBASSY INQUIRED WITH LONG-STATE GOA POLICY OBJECTIVE OF GETTING "WORLD PRICE" FOR AVIATION FUEL SALES TO INTERNATIONAL CARRIERS AND OFFSETTING ALLEGED TENDENCY SUCH CARRIERS TO DRAW EXCESSIVE QUANTITIES FROM AUSTRALIA DUE TO "CHEAP PRICES" REALLY REQUIRED GOA TO PRESCRIBE COMMERCIAL VOLUME/PRICE DIFFERENTIALS WHICH MIGHT BETTER BE LEFT TO NORMAL NEGOTIATION BETWEEN BUYERS AND SELLERS. WE RECEIVED NO DIRECT ANSWER ON THIS POINT.

5. IN THIS CONNECTION WE LEARNED, HOWEVER, THAT VERY TENTATIVE CONSIDERATION WAS BEING GIVEN IN GOA TO EXTENDING PRICE GRADATION ON BASIS VOLUME IN OPPOSITE DIRECTION (E.E., PROVIDING SMALL REDUCTION, POSSIBLY ONE OR TWO CENTS, BELOW 42.62 PRICE FOR SCHEDULED CARRIER(S) WITH LARGEST VOLUME OF FUEL PURCHASES). WE EXPRESSED CONCERN AT THIS POSSIBILITY, POINTING OUT THAT IF THIS HAD OBVIOUS EFFECT OF GIVING LARGEST PURCHASER, QANTAS, LOWER PRICE THAN ANY FOREIGN FLAG INTERNATIONAL CARRIER IT WOULD REOPEN ENTIRE QUESTION OF DISCRIMINATION WHICH HAD BEEN SUBJECT OF PAST REPRESENTATIONS FROM VARIOUS COUNTRIES. BRANIFF RESPONSE NONCOMMITTAL.

6. EMBASSY WILL PURSUE QUESTION RAISED PARA 5 WITH DEPARTMENTS OF FOREIGN AFFAIRS AND TRANSPORT.

7. RE QUESTION ON CHARTER FUEL PRICE RAISED REF A AND PARAS 3 AND 4 ABOVE, IT APPEARS GOA WILL DEFEND PROSPECTIVE THREE LIMITED OFFICIAL USE

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CENT DIFFERENTIAL ON GROUNDS OF SMALL VOLUME AND IRREGULAR PURCHASES, HIGHER COST TO FUEL SUPPLIERS OF SERVICING THESE ACCOUNTS, AND FACT PRICE APPLIES TO CHARTER LINES OF ALL FLAGS. PERCIVAL

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